



## FISCAL MEMORANDUM

### HB 917 - SB 846

March 13, 2023

**SUMMARY OF BILL AS AMENDED (004411):** Extends the authorization, set to expire June 30, 2025, for retired members of the Tennessee Consolidated Retirement System (TCRS) to return to work as a kindergarten through twelfth (K-12) grade teacher without loss or suspension of the retired member's benefits. Requires members to be entitled to their full retirement benefit while reemployed and receiving a full salary from an LEA or charter school. Deletes the requirement that it must be at least 60 days since the member's effective retirement prior to return to work. Increases from, one to five, the number of years a retired teacher may return to work before additional conditions are required. Requires returning teachers to participate in professional learning that is required by an LEA or charter school.

### FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Expenditures – \$2,116,800/FY23-24 and Subsequent Years**

**Increase Local Expenditures – \$1,411,200/FY23-24 and Subsequent Years\***

**Other Fiscal Impact – The total additional lump sum pension liability to the Tennessee Consolidated Retirement System is estimated to be \$40,687,400.**

Assumptions for the bill as amended:

- Based on information provided by TCRS, there are currently 6,161 K-12 teachers eligible for retirement.
- For the purposes of this analysis, it is assumed that the proposed legislation will incentivize 10 percent, or 616 (6,161 x 10%), of active K-12 teachers to retire five years earlier than they otherwise would have.
- Based on information provided by TCRS, the average cost to the retirement system for each K-12 teacher who returns to work as a result of the proposed legislation will be \$66,051.
- The lump sum pension liability to TCRS as a result of the proposed legislation is estimated to be \$40,687,416 (\$66,051 x 616).
- Based on information provided by TCRS, the annually incurred increase in liability from teachers retiring and then returning to work as a result of the proposed legislation is estimated to be \$3,528,006 in FY23-24 and subsequent years.

- Retirement benefits for retired teachers are funded 60 percent with state funds and 40 percent local government funds.
- The recurring increase in state expenditures from the General Fund is estimated to be \$2,116,804 (\$3,528,006 x 60%) in FY23-24 and subsequent years.
- The recurring increase in local expenditures is estimated to be \$1,411,202 (\$3,528,006 x 40%) in FY23-24 and subsequent years.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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